

Agenda

EIA and Improvement Mechanisms Subcommittee

**Monday, November 22, 2010
10:00 AM, Room 410, Blatt Building**

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|------|---|-----------------|
| I. | Welcome and Introductions | Mr. Dennis Drew |
| II. | Approval of the November 15, 2010 Meeting Minutes | Mr. Dennis Drew |
| III. | Action:
FY2011-12 Proviso and Budget Recommendations | Mr. Dennis Drew |
| IV. | Adjournment | |

EIA & Improvement Mechanisms Subcommittee Members:

Mr. Dennis Drew, Chair
Ms. Charmeka Bosket
Mr. Bill Cotty
Ms. Julie Hershey
Mr. Alex Martin, Vice Chair
Rep. Joseph Neal
Mr. Neil Willis

Neil C. Robinson, Jr.
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Harold C. Stowe

Ann Marie Taylor

Neil Willis

Jo Anne Anderson
EXECUTIVE DIRECTOR

Minutes
EIA and Improvement Mechanisms Subcommittee
Monday, November 15, 2010
10:00 a.m.
Room 410 of the Blatt Building

Members in Attendance: Mr. Dennis Drew (Chair); Ms. Charmeka Bosket; Mr. Bill Cotty; Ms. Julie Hersey; and Mr. Neil Willis

EOC Staff in Attendance: Dr. Jo Anne Anderson; Dr. Kevin Andrews; Mrs. Melanie Barton; Ms. Regina King; and Mrs. Dana Yow

Welcome and Introductions

Mr. Drew called the meeting to order.

Approval of the October 11, 2010 Meeting Minutes

The minutes were approved as distributed.

Public Comment on FY2011-12 Budget

Mr. Drew invited anyone who would like to address the Subcommittee to do so. Individuals representing the following EIA-funded programs and entities appeared before the subcommittee: South Carolina Geographic Alliance; Centers of Excellence; South Carolina School Improvement Council; the EAA Technical Assistance Program; the Writing Improvement Network. The Subcommittee received information and asked questions about the programs.

External Evaluation of Writing Improvement Network

Mrs. Barton summarized the evaluation and findings of the evaluation. Ellen James, Executive Director of the Writing Improvement Network, then expanded upon the evaluation and its impact on the program.

Consideration of FY2011-12 Budget

The staff then presented budget and proviso recommendations as requested by the chairman. The subcommittee discussed the recommendations and voted to recommend to the full EOC the following actions:

1. Recommend that EIA revenues in the amount of \$175,000 be appropriated to Science PLUS in a separate line item;
2. Eliminate the suspension of the purchase of new textbook adoptions;
3. Allocate any balance of EIA revenues projected to be generated in FY2011-12 to teacher salaries and fringe benefits;
4. Recommend a new proviso to convene the South Carolina Reading Achievement Systemic Initiative be approved;
5. Recommend adjustments in the EIA teacher salary supplement appropriations as requested by agencies and programs; and
6. Amend proviso 1A.41. regarding the transfer of funds from the EOC to teachers supplies and CDEPP.

The Subcommittee raised questions about digital textbooks, PowerSchool and South Carolina LightRail (SCLR).

The Subcommittee agreed to meet again on Monday, November 22 at 10:00 a.m. to finalize its recommendations.

There being no further business the meeting was adjourned.

EDUCATION OVERSIGHT COMMITTEE

Subcommittee: EIA and Improvement Mechanisms

Date: November 22, 2010

INFORMATION

Budget and Proviso Recommendations, Fiscal Year 2011-12

PURPOSE/AUTHORITY

Section 59-6-10 of the Education Accountability Act requires the EOC to "review and monitor the implementation and evaluation of the Education Accountability Act and Education Improvement Act programs and funding" and to "make programmatic and funding recommendations to the General Assembly."

CRITICAL FACTS

TIMELINE/REVIEW PROCESS

August 9, 2010	EOC on-line program report and budget request survey operational
October 1, 2010	All EIA program reports and budget requests due to EOC
October 11, 2010	Subcommittee met and received budget notebooks and discussed funding priorities
November 15, 2010	Subcommittee met and received public comment, discussed budget and proviso issues, and adopted several recommendations that are attached.
November 22, 2010	Subcommittee will meet to receive information and amend or adopt final budget and proviso recommendations which will then be submitted to the full EOC on December 13, 2010

ECONOMIC IMPACT FOR EOC

Cost: No fiscal impact beyond current appropriations

Fund/Source:

ACTION REQUEST

☒ For approval

☐ For Information

☐ Approved

ACTION TAKEN

☐ Amended

☐ Not Approved
(explain)

☐ Action deferred

EIA Revenue Projection, 2011-12, (BEA, Nov. 10, 2010)	\$563,498,994
EIA Base Appropriation, 2010-11	<u>\$522,234,107</u>
Difference:	\$41,264,887

EIA and Improvement Mechanisms Subcommittee Budget Recommendations	EIA Base	Increase/Decrease Recommended
(Adopted on 11.15.10)	2010-11	2011-12
Appropriate funds for Science P.L.U.S. on separate line item appropriation	\$175,000 funded through suspension of Palmetto Gold & Silver	\$175,000
Adjust teacher pay to other state agencies and programs accordingly:		
Clemson Agriculture Education Teachers	\$758,627	\$34,239
John de la Howe (L12)	\$363,374	(\$63,374)
Department of Disabilities and Special Needs (J16)	\$763,653	(\$100,000)
Teacher Pay (F30)	\$209,381	\$52,997
Allocate all remaining EIA funds to:		\$41,166,025
Teacher Salaries	\$77,061,350	
Employer Contributions	\$15,766,752	
Total:		\$41,264,887

**EIA and Improvement Mechanisms Subcommittee
Recommendations Adopted on November 15, 2010**

Recommendation #1: Appropriate EIA revenues in the amount of \$175,000 in a separate line item appropriation to Science PLUS

Facts: For the past two fiscal years, Science PLUS a professional development program for science teachers has had an operating budget of \$175,000. However, the funds for the program have come from the suspension of the Palmetto Gold and Silver Program. The Subcommittee recommends allocating the funds directly to Science PLUS on a separate line item to maintain transparency. And, allocating funds directly to Science PLUS would allow additional funding for teacher salaries and fringe benefits, National Board Certification Incentive Salary supplements, teacher supplies, and the Teaching Fellows Program.

Technical Correction: By recommending a separate line item appropriation for Science PLUS, proviso 1A.31. should be amended to delete references to Science PLUS.

1A.31. (SDE-EIA: One Year Suspension of EIA Programs)

1A.31. (SDE-EIA: One Year Suspension of EIA Programs) The following program funded with EIA revenues will be temporarily suspended for Fiscal Year 2010-11 and funds appropriated to this program allocated to teacher salaries and fringe benefits, National Board Certification Incentive salary supplements, teacher supplies, ~~Science PLUS~~, and the Teaching Fellows Program administered by CERRA to hold the funding level to maintain fellowships for existing cohorts of participants in the Teacher Fellows Program: the Palmetto Gold and Silver program. Schools may still be recognized as Palmetto Gold and Silver recipients in Fiscal Year 2010-11 but will not receive financial compensation.

Recommendation #2: Eliminate the suspension of the purchase of new textbook adoptions

The recommendation is to lift the suspension of textbook adoptions in Fiscal Year 2011-12. In the current year's budget there is \$10,761,587 in EIA revenues and \$20,888,583 in general fund revenues appropriated for instructional materials.

1.40 and 1A.22. (SDE: School Districts and Special Schools Flexibility) All school districts and special schools of this State may transfer and expend funds among appropriated state general fund revenues, Education Improvement Act funds, Education Lottery Act funds, and funds received from the Children's Education Endowment Fund for school facilities and fixed equipment assistance, to ensure the delivery of academic and arts instruction to students. However, a school district may not transfer funds required for debt service or bonded indebtedness. All school districts and special schools of this State may suspend professional staffing ratios and expenditure regulations and guidelines at the sub-function and service area level, except for four-year old programs.

In order for a school district to take advantage of the flexibility provisions, at least seventy percent of the school district's per pupil expenditures must be utilized within the In\$ite categories of instruction, instructional support, and non-instruction pupil services. No portion of the seventy percent may be used for business services, debt service, capital outlay, program management, and leadership services, as defined by In\$ite. The school district shall report to the Department of Education the actual percentage of its per pupil expenditures used for classroom instruction, instructional support, and non-instruction pupil services for the school year ending June 30, 2011. Salaries of on-site principals must be included in the calculation of the district's per pupil expenditures.

"In\$ite" means the financial analysis model for education programs utilized by the Department of Education.

School districts are encouraged to reduce expenditures by means, including, but not limited to, limiting the number of low enrollment courses, reducing travel for the staff and the school district's board, reducing and limiting activities requiring dues and memberships, reducing transportation costs for extracurricular and academic competitions, and expanding virtual instruction.

School districts and special schools may carry forward unexpended funds from the prior fiscal year into the current fiscal year.

Prior to implementing the flexibility authorized herein, school districts must provide to Public Charter Schools the per pupil allocation due to them for each categorical program.

Quarterly throughout the ~~2010-11~~ 2011-12 fiscal year, the chairman of each school district's board and the superintendent of each school district must certify where non-instructional or non-essential programs have been suspended and the specific flexibility actions taken. The certification must be in writing, signed by the chairman and the superintendent, delivered electronically to the State Superintendent of Education, and an electronic copy forwarded to the Chairman of the Senate Finance Committee, the Chairman of the Senate Education Committee, the Chairman of the House Ways and Means Committee, and the Chairman of the House Education and Public Works Committee. Additionally, the certification must be presented publicly at a regularly called school board meeting, and the certification must be posted on the internet website maintained by the school district.

For Fiscal Year ~~2010-11~~ 2011-12, Section 59-21-1030 is suspended. Writing assessments in grades three, four, six, and seven, formative assessments for grades one, two, and nine, the foreign language program assessment, financial literacy, and the physical education assessment must be suspended. ~~Textbook purchases beyond that required for replacement of instructional material~~

~~currently on the state adopted textbook list must be suspended.~~ School districts and the Department of Education are granted permission to purchase the most economical type of bus fuel.

For Fiscal Year ~~2010-11~~ 2011-12, savings generated from the suspension of the writing assessments ~~and the suspension of new textbooks adoptions enumerated above~~ must be allocated to school districts based on the Education Finance Act formula.

School districts must maintain a transaction register that includes a complete record of all funds expended over one hundred dollars, from whatever source, for whatever purpose. The register must be prominently posted on the district's internet website and made available for public viewing and downloading. The register must include for each expenditure:

- (i) the transaction amount;
- (ii) the name of the payee; and
- (iii) a statement providing a detailed description of the expenditure.

The register must not include an entry for salary, wages, or other compensation paid to individual employees. The register must not include any information that can be used to identify an individual employee. The register must be accompanied by a complete explanation of any codes or acronyms used to identify a payee or an expenditure. The register must be searchable and updated at least once a month.

Each school district must also maintain on its internet website a copy of each monthly statement for all of the credit cards maintained by the entity, including credit cards issued to its officers or employees for official use. The credit card number on each statement must be redacted prior to posting on the internet website. Each credit card statement must be posted not later than the thirtieth day after the first date that any portion of the balance due as shown on the statement is paid.

The Comptroller General must establish and maintain a website to contain the information required by this section from a school district that does not maintain its own internet website. The internet website must be organized so that the public can differentiate between the school districts and search for the information they are seeking.

School districts that do not maintain an internet website must transmit all information required by this provision to the Comptroller General in a manner and at a time determined by the Comptroller General to be included on the internet website.

The Comptroller General shall distribute to the districts a methodology and resources for compliance. If a district complies with the methodology, it shall be reimbursed for any documented expenses incurred as a result of compliance. Reimbursement must be from the budget of the Comptroller General.

The provisions contained herein do not amend, suspend, supersede, replace, revoke, restrict, or otherwise affect Chapter 4, Title 30, the South Carolina Freedom of Information Act.

Recommendation #3: Allocate the balance of EIA revenues projected to be generated in FY2011-12 to teacher salaries and fringe benefits.

Facts: Act 338, a joint resolution adopted in 2010, allowed local school district boards of trustees in the 2010-11 school year the option of paying or not paying for STEP increases for teachers for years of experience. School districts were required to continue paying teachers and administrators for changes in their education level. Based on information provided to the EOC by SCDE, 57 school districts opted not to provide the STEP increases in 2010-11. Information provided to the EOC shows that based on the year-end 2009-10 PCS data, the average salary for teachers in districts that did not implement the step increase during 2010-11 was \$46,476.¹ There were 41,604 teachers in these districts for a net saving of \$38,671,409. For comparison purposes, the state paid a total of \$56,731,797 in teacher salary increases to this same population in 2009-10.

The decision by districts to forgo STEP increases for years of experience has resulted in the following future issues and complications regarding the state minimum salary schedule:

1. What statewide minimum salary schedule, if any, should be used in Fiscal Year 2011-12, especially if state revenues to school districts are less in Fiscal Year 2011-12 than in the current fiscal year? The 2010-11 statewide minimum salary schedule is the same as the one used in 2008-09.
2. How, if any, will teachers in these 57 school districts be compensated for the additional years of experience in the statewide minimum salary schedule? Should school districts or the state be required to “pay back” teachers in these 57 school districts for the additional year of service?
3. How has and will the average teacher salary in the state be impacted by the decision of these 57 school districts not to provide the step increase?

Teacher Salaries

Fiscal Year	SE Projected Average Teacher Salary for Budget	% Increase	SE Actual Average Teacher Salary *	% Increase	SC Actual Average Teacher Salary **	% Increase
2011-12	\$49,007					
2010-11	\$48,725	1.15%	\$48,068	1.06%		
2009-10	\$48,172	2.48%	\$47,560	0.26%	\$47,508	0.18%
2008-09	\$47,004	4.04%	\$47,435	2.20%	\$47,421	3.63%
2007-08	\$45,179	3.41%	\$46,393	3.99%	\$45,758	3.21%
2006-07	\$43,691	2.95%	\$44,544	3.77%	\$44,336	3.08%
2005-06	\$42,437	2.53%	\$42,863	3.26%	\$43,011	1.95%
2004-05	\$41,391		\$41,464		\$42,189	

Source: Letter from Chief Economist to John Cooley, SC Department of Education, August 18, 2010.

* Arkansas, Florida, Louisiana, Mississippi, North Carolina, Tennessee, and Virginia had not reported a final teacher salary average for 2009-10. 2009-10 SC Actual Average Teacher Salary provided by SCDE.

¹ Email from Mellanie Jinnette of the South Carolina Department of Education to Melanie Barton of the EOC staff, November 10, 2010.

Recommendation #4: Add a proviso convening the SC Reading Achievement Systemic Initiative

Facts: The South Carolina Department of Education through its Literacy SC Initiative, SC Kids Count and the Education Oversight Committee are recipients of a grant from the Annie E. Casey Foundation to develop policy and promote higher achievement in reading. Analyzing school performance on the reading and research subtest of PACT, schools were identified as High Achieving, Low- Achieving and High Improvement and Low Improvement. The study then identified differences in leadership, teacher characteristics and school practices among these four groups. The result was that differences in student population and the similarities in reading strategies and emphasis across schools showed a need for more differentiation in teaching. The recipients issued a report to the EOC on September 23, 2010 that contained four recommendations. One of these recommendations is to convene a statewide, high-level reading policy panel to address child physical health, language development and school learning policies, practices and funding.

1A.__(SDE-EIA: SC Reading Achievement Systemic Initiative)

From the funds appropriated or authorized for the Department of Education and the Education Oversight Committee, there is created a policy panel to guide the South Carolina Reading Achievement Systemic Initiative. The panel will be composed of twenty-five members, which shall be appointed as follows:

The Governor shall appoint to the panel:

- (1) one business leader;
- (2) one parent;
- (3) one representative of the Board of Trustees of the Office of First Steps to School

Readiness;

- (4) one representative of the State Library Board;
- (5) one pediatrician; and
- (6) two representatives of community foundations or literacy organizations.

The State Superintendent of Education shall appoint to the panel:

- (1) one business leader;
- (2) one parent;
- (3) one parent educator;
- (4) one researcher in reading;
- (5) two literacy coaches;
- (6) two district early childhood or academic leaders;
- (7) two principals, one representing elementary schools and one representing middle schools; and
- (8) four teachers of students with needs for interventions to promote reading proficiency to include students with learning disabilities, student in poverty and students not mastering concepts.

The Chairman of the Senate Education Committee shall appoint one member of the Senate Education Committee to the panel.

The Chairman of the House Education and Public Works Committee shall appoint one member of the House Education and Public Works Committee to the panel.

The Chairman of the State Board of Education shall appoint one member of the State Board of Education to the panel.

The Chairman of the Education Oversight Committee shall appoint one member of the Education Oversight Committee to the panel.

The panel is directed to define the focus and priorities for state actions to improve the level of reading achievement among the state's young people including building upon the work of LiteracySC and the state literacy team organized to support the Striving Readers Comprehensive Literacy Grant.. The panel should address factors contributing to or impeding progress including, but not limited to, the physical health, language development and quality of instruction provided in the state's schools. The panel should examine data, follow progress of the LiteracySC academies and pilots, recommend changes in practice and funding and provide for a longitudinal evaluation and establish a statewide policy for the teaching of reading, including particular attention to the lowest achieving students.

The panel is to be staffed through a collaborative among the SC Department of Education, SC Kids Count and the Education Oversight Committee. Expenses of the panel are to be shared among the collaborating entities.

The panel shall report to the General Assembly through the House Committee on Education and Public Works and the Senate Education Committee and to the State Board of Education and the Education Oversight Committee by January 15, 2012.

Recommendation #5: Adjust allocation of EIA teacher salary supplement as requested by agencies and programs

Facts: Agencies and programs that receive EIA teacher salary supplement funds have requested the following changes based on personnel reductions and program needs. Assuming that there will not be an increase in the average teacher salary, the staff recommends the following which totals a net decrease of \$76,138.

Agency/Program	Base Appropriation	Increase/(Decrease)
Clemson PSA	758,627	34,239
John de la Howe (L12)	363,374	(63,374)
Department of Disabilities and Special Needs (J16)	763,653	(100,000)
Teacher Pay (F30)	209,381	52,997
NET Increase/(Decrease):		(76,138)

Recommendation #6:

Amend proviso 1A.41. regarding the transfer of funds from the EOC to teacher supplies and CDEPP

Facts: This proviso was submitted to the Governor. The EOC is requesting that the amount be reduced to \$200,000 to support \$50,000 for the longitudinal reading proficiency evaluation encompassing students in grades 3-8 and linked to their pre-school experiences and school instructional practices. The proviso would also be updated to reflect the appropriate fiscal year. And, the change regarding the CDEPP transfer details the transfer accurately in that the Department of Education is the fiscal agent for the Office of First Steps. Funds continue to be provided for private sector students in CDEPP.

1A.41. (SDE-EIA: Education Oversight Committee Transfer) For Fiscal Year ~~2010-11~~ 2011-12 the Education Oversight Committee is directed to transfer ~~\$250,000~~ \$200,000 to Teacher Supplies. The Education Oversight Committee is further directed to transfer the funds for the EOC 4 Year Old Evaluation to the ~~Office of First Steps~~ Department of Education only for use with private center students in the CDEPP program.